

Message Text

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ACTION ARA-20

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R 271450Z FEB 74

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 9043

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EO 11652 N/A

TAGS: BEXP, AFSP, PE

SUBJ: FY 1974 COMMERCIAL ACTION PROGRAM (CAP) PERU

REF: A) LIMA 9102 B) STATE 027226

1. EMBASSY APPRECIATES COMMENTS ACTION STAFF ON ITS PROPOSED FY 1974 CAP. RECENT SETTLEMENT OF SEVERAL INVESTMENT DISPUTES AND AVAILABILITY EX-IM DIRECT CREDIT HAS MARKEDLY IMPROVED OUTLOOK FOR US EXPORTERS, PARTICULARLY REGARDING SEVERAL LARGE INVESTMENT PROJECTS CLOSE TO INITIATION. EMBASSY DESIRES TO AMEND ITS PREVIOUS PROPOSAL BY SUBSTITUTING FOR OBJECTIVE TWO FOLLOWING REPLACEMENT OBJECTIVE:

OBJECTIVE TWO: EMBASSY WILL FOCUS AS TARGETS OF OPPORTUNITY ON THOSE EXISTING MAJOR INVESTMENT PROJECTS CLOSE TO INITIATION IN WHICH U.S. SUPPLIERS MIGHT HAVE A CHANCE OF OBTAINING MAJOR CONTRACTS. ACTION ONE. CONCENTRATE OF THE PETROLEUM PIPELINE PROJECT TO MAXIMIZE SALES OF GOODS AND SERVICES BY U.S. FIRMS. ACTION TWO. SUPPORT U.S. SUPPLIERS IN OTHER PROJECT (SUCH AS HUALLANCA HYDROELECTRIC PROJECT) WHERE SALE OF U.S. MACHINERY IS POSSIBLE. ACTION THREE. USING NORMAL CONTACTS EMPHASIZE AVAILABILITY OF EX-IM DIRECT RECDIT TO INTERESTED GOVERNMENT OFFICES AND PRIVATE IMPORTERS.

2. COMMENT: EMBASSY BELIEVES STRONGLY THAT ABOVE OBJECTIVE WILL
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HAVE A MORE FAVORABLE INCREMENTAL IMPACT ON U.S. TRADE SITUATION

IN PERU THAN ANY OTHER ACTION POSSIBLE AT THIS TIME. MATERIALS HANDLING EQUIPMENT SALES INCREASE IS MARGINAL COMPARED TO POSSIBILITIES OF MOVING FAST TO CAPITALIZE ON CREDIT AVAILABILITY. IN PASSING, MATERIALS HANDLING EQUIPMENT SALES WOULD BENEFIT HANDSOMELY FROM SALES TO PETROLEUM PIPELINE PROJECT AS WELL AS FROM SALES TO OTHER PROJECTS.

3. RE OBJECTIVE ONE, ACTION TWO: WORK ON TRADE LIST HAS ALREADY STARTED. AS SOON AS IT IS PREPARED IT WILL BE FORWARDED TO WASHINGTON.

4. RE OBJECTIVE THREE: LIMA 0677 AND LIMA 1190 HAVE BEEN SENT AND EMBASSY EXPECTS TO CONTINUE SENDING ADDITIONAL OPPORTUNITIES AS THEY ARE DEVELOPED.

5. RE OBJECTIVE FOUR: EMBASSY SUBMITTED AIRGRAM A-43 (2/22/74) SUGGESTING SEVERAL CHANGES IN CERP REPORTING REQUIREMENTS. EMBASSY WOULD APPRECIATE SUPPORT OF ACTION STAFF IN REDUCING REPORTING REQUIREMENTS.

6. RE PROPOSED ADDITION OF NEW OBJECTIVE ON TARGET INDUSTRY: EMBASSY FOR PAST SEVERAL WEEKS HAS BEEN INVESTIGATING TEXTILE MACHINERY FIELD AS POSSIBLE TARGET OF OPPORTUNITY. THIS IS ATTRACTIVE FIELD BUT EMBASSY RESEARCH NOT YET COMPLETED SO THAT IT IS IMPOSSIBLE TO DETERMINE WHETHER INCREMENTAL SALES IN SHORT-RUN POSSIBLE. RESULTS OF RESEARCH WILL BE FORWARDED TO COMMERCE BUT AT PRESENT TIME EMBASSY PREFERS NOT TO ASSUME FORMAL OBLIGATION WITH RESULTANT DEADLINE. IN THIS CONNECTION, REFERENCE IN PARAGRAPH (F) TO AUGMENTATION OF ECONOMIC/COMMERCIAL STAFF IS PUZZLING SINCE THERE HAS BEEN NO SUCH INCREASE. WOULD APPRECIATE CLARIFICATION.

7. RE ADDITION NEW OBJECTIVE FIVE: EMBASSY BELIEVES PRESENT INFORMAL "LOOKOUT" SYSTEM IS WORKING WELL. MOST GOVERNMENT INVESTMENT DECISIONS MADE IN LIMA WHERE EMBASSY CAN FOLLOW. OCCASIONAL PRIVATE TRADE OPPORTUNITY IN PROVINCES WILL BE COVERED BY COMATT DURING FIELD TRIPS UTILIZING INCREASED TRAVEL FUNDS. WOULD PREFER NOT INCREASE LISTED OBJECTIVES BY INCLUSION ONGOING ACTIVITIES ALREADY WORKING WELL.

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